MAPLE LEAF MILLS LIMITED ANNUAL REPORT 1974

Index

MAPLE LEAF MILLS LIMITED
Annual Report to Shareholders
for the Year ended December 31, 1974

Directors

R. G. Dale
J. D. Leitch
J. L. Lewtas
F. H. Logan
G. M. MacLachlan
J. A. McCleery
B. A. Norris
L. J. Risi, Jr.
J. H. Taylor
R. W. Wadds
M. D. Weiner

Officers

President and Chief Executive Officer
R. G. Dale

Senior Vice-Presidents

H. W. Blakely	Planning
W. E. Paterson	Corporate Services
P. W. Strickland	International Operations & Development
J. A. Telfer	Domestic Operations & Development

Vice-Presidents

G. F. Allan	Flour
P. W. Couse	Agriculture
J. W. MacDonald	Grocery Products
S. A. Miller	Labour Relations
W. G. Milliken	Vegetable Oil
C. L. Turner	Grain
J. J. Wigle	Finance

Financial

D. D. Brown	Controller
P. Kriwoy	Assistant Secretary
R. E. Lennox	Secretary-Treasurer

Head Office

417 Queen's Quay West
Toronto, Ontario M5V 1A2

Transfer Agent
and Registrar

Crown Trust Company
Toronto and Montreal

J. J. Wigle, J. A. Telfer, R. G. Dale, P. W. Strickland, W. E. Paterson.

President's Letter

To the Shareholders:

In fiscal 1974 Maple Leaf Mills' sales once again rose to a record high and our earnings were the best that we have ever achieved.

While the sales figures are inflated to some degree by increased prices and the significantly higher costs of commodities and ingredients, all our operations have continued to make good progress. Specific details of the operating results and the factors that affected them are found in the Financial Highlights and Operating Reports which follow.

The relocation of our Queen's Quay facilities on the waterfront in Toronto, which were expropriated by the Federal Government last year, are proceeding on schedule with the construction of a new and modern feed plant at Cavan, Ontario and a new dry pet food plant in Guelph. Studies with respect to the re-building of the other facilities are underway but it is obvious that replacement costs will far exceed the expropriation proceeds received to date. The Company has commenced action seeking additional compensation in connection with the expropriation.

The Report of Nutrition Canada is receiving considerable publicity and while it indicates that the average Canadian is not seriously undernourished it does show that there are many areas where his diet could be improved. At Maple Leaf we have adopted the slogan that "Nutrition is our Business" – nutrition in its broadest sense as it relates to the expanding field of human and animal feeding, and we feel that we have a significant contribution to make in this area in the years ahead.

The last few months have seen a return to more normal conditions in contrast to the earlier part of the year when operations were still being affected by the unprecedented world demand for grain and protein which now has somewhat abated. However international markets for these commodities can be extremely volatile and a deterioration of the crop prospects in any of the major producing countries could signal a resumption of escalating prices.

The year ahead will not be an easy one as the demands of the labour unions, the continuing pressures of inflation and continually spiralling costs will not be favourable to profit improvement generally. It will require a great deal of extra effort on the part of all personnel at every level to achieve continued growth, but I am confident that they will respond to the challenge and that 1975 will be another successful year for the Company.

On behalf of the Board of Directors

Robert G. Dale
President and Chief Executive Officer

April 18, 1975

C. L. Turner, W. G. Milliken, J. A. Telfer, G. F. Allan, R. G. Dale, H. W. Blakely, D. D. Brown.

Financial Highlights

Sales and Earnings

In 1974 dollar value of sales increased by $62 million from $266 million to $328 million or 23% over 1973. (The 1973 sales were up $67 million or 34% over the previous year). Much of the sales increase in the past two years has been directly attributable to inflation in grain prices which soared to record levels. In response to commodity market prices, selling prices of many of our products such as grain, vegetable oil products, animal and poultry feeds fluctuate weekly, often daily. Other products such as flour, bread and grocery products are more stable and not subject to such volatile cost changes. However, even these products have not been immune from inflation. For example, the cost of wheat for domestic flour use rose 60% in 1973 and sugar costs tripled in 1974.

Volume increases were achieved in animal and poultry feed sales as well as in grocery products in 1974. Sales of flour in export markets declined as did sales of poultry products.

Dividends

The quarterly dividend rate was increased twice during the year to 35c per share effective April 1 and 50c per share effective October 1.

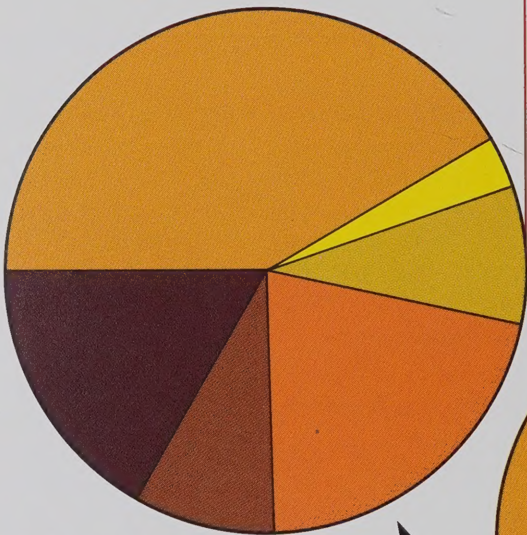
Capital Expenditures

In 1974 $1.5 million was spent to replace the expropriated feed and pet food manufacturing facilities. A further $4 million will be spent in 1975.

An investment of approximately $15 million, probably during 1976-77, will be required to relocate and expand our vegetable oil extraction and refining operations, on the assumption that we do so on a joint-venture basis. A more definitive statement of our plans will be made during 1975.

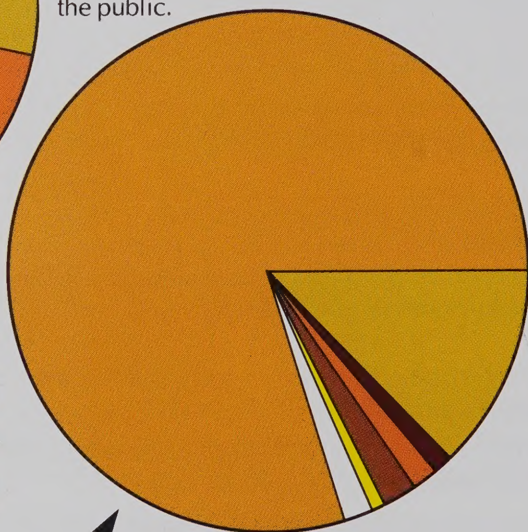
Progress in Reporting

Through the years our Annual Reports have attempted to portray in a graphic manner the nature of the Company's operations. For the first time Maple Leaf is providing a divisional breakdown of major categories of sales and revenues in 1974, as well as total salaries and wages, and the use of cash flow. This step is in keeping with our objective to maintain good communications with Maple Leaf shareholders and the public.



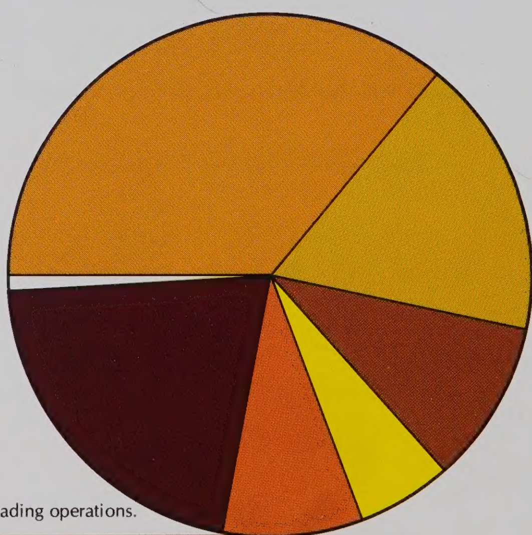
Divisional Sales and Revenues

Animal and poultry feeds, poultry products, seeds	41.7%
Grain margins and merchandising sales	3.4 *
Vegetable oil products and margins	8.4 *
Domestic and export bakery flour products	21.1
Consumer flour and grocery products	8.5
Bread and baked products	16.9
	100.0%



Distribution of Revenues

Raw materials, operating, selling and administration expenses	80.5%
Salaries and wages	12.6
Depreciation	1.0
Interest	1.3
Income taxes	2.2
Dividends to shareholders	.8
Retained earnings	1.6
	100.0%



Use of Cash Flow

Property and equipment	36.2%
Dividends to shareholders	19.9
Retirement of preference shares	10.0
Repayment of long-term debt	5.8
Investments	8.5
Increase in working capital	19.0
Other	.6
	100.0%

*The Company includes only margins in reported sales for commodity trading operations.

Domestic Operating Report

Flour Division

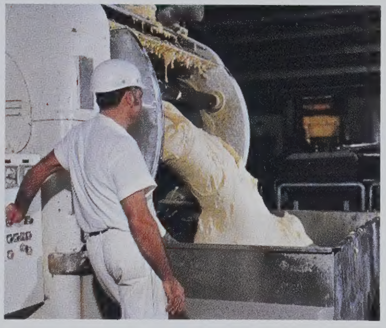
Flour Division 1974 earnings were significantly higher, continuing the strong trend toward more satisfactory profit levels which began in 1972. Prior to 1972, the level of earnings of the Canadian flour milling industry represented an unreasonably low return on investment. Had this continued over an extended period of time, it would have become increasingly difficult to justify any new investment needed to replace and modernize plant and equipment.

Higher world values for flour by-products, which are subject to wide fluctuations, have been applied against increased manufacturing costs. As a result, our flour selling prices have not been raised since early 1971 for other than increases in wheat costs.

It follows that should these by-products' prices continue to decline, as they have recently, and remain at lower levels, flour price adjustments will be necessary to cover the major cost increases we have been absorbing.

Our domestic bakery flour sales program maintained a high level of technical and general service to industrial customers during 1974. These efforts have enabled the Flour Division to retain its significant position in the Canadian market for bakery and industrial flour products.

While we continue to sell a significant volume of export flour, the long term outlook is uncertain. This is partly due to the fact that the Canadian Government does not subsidize flour exports as do the governments of many other flour exporting countries. Further, the export price of Canadian wheat on many occasions has made it difficult for us to compete in the open market. The result has been that our



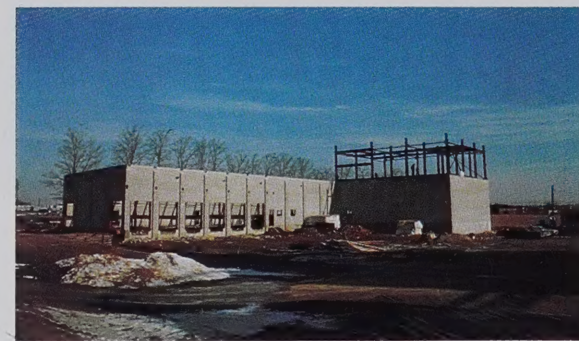
flour sales to certain traditional export markets declined in 1974.

Grocery Products Division

Grocery Products Division 1974 earnings were at a record level. In all major product categories unit sales volumes were up over 1973, reflecting substantial sales growth.

The Jolly Miller drink crystal product line first introduced in 1972 showed significant growth in 1974 as our market share of this business continued to increase rapidly. To meet growing demand, two packaging lines have been set up in new leased premises in Metropolitan Toronto.

Akron Road, Toronto, drink crystal line.



In 1974 Monarch All Purpose Flour was introduced in the Ontario market. Monarch Cake and Pastry Flour has long held a significant share of this important market. The all purpose flour is designed to build on this strength and at the same time respond to the consumers' increased demand for all purpose flours. Sales have been most encouraging.

Construction began on a new dry pet food manufacturing plant in Guelph, Ontario, as a result of the expropriation of the Toronto plant. The increased capacity of the facility will support further growth of Maple Leaf's dry dog food products.

Grain Division

Grain Division 1974 earnings were slightly below the record results achieved in 1973.

Canada's grain industry faced several major challenges in 1974. Strikes in the Great Lakes shipping industry and of grain inspectors and important changes in the Federal Government's feed grain policy made for a difficult year. These situations required significant and swift action so that Maple Leaf could continue to meet the needs of Eastern Canadian customers who depend upon Western Canadian grains for their operations.

Our Toronto terminal elevator was expropriated by the Federal Government in 1973. Because of the twin factors of today's high construction costs and the loss of the benefit of utilizing the elevator in other company operations, it does not appear to be economically justifiable to replace this facility. However, we have purchased a minority equity position in a major bay port elevator.

Construction began in 1974 on a country elevator, fertilizer operation, and alfalfa dehydration plant in Belton, Ontario which will likely be in operation in time for the 1975 harvest.

Vegetable Oil Division

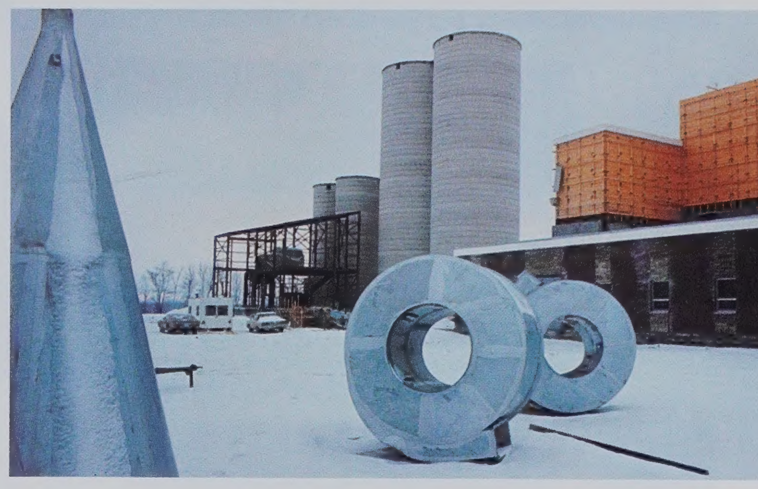
Vegetable Oil Division 1974 earnings were down substantially. However, they were well above the five year average achieved from 1969 through 1973. Earnings of this Division are affected by world market conditions for vegetable oil commodities, which were considerably less favourable in the second half of 1974 than in the previous twelve months. As a result, earnings from crushing operations were lower in the second half of 1974. In addition, non-recurring losses in International Trading operations were absorbed in the fourth quarter of 1974.

Top Photo:
Monarch All Purpose Flour packaging line.

Construction Photos:
Guelph, Dry Pet Food Plant.

Bottom Photo:
New LION lawn Seed.

Top Group: Cavan, Feed Plant Construction.



Plans for replacing the Toronto waterfront vegetable oil extraction facilities, expropriated in 1973, are well under way. These plans assume the formation of a joint venture which would replace these facilities with a modern plant of increased capacity.

Agricultural Division

Agricultural Division 1974 earnings declined. Our operations were adversely affected in the fourth quarter by unfavourable conditions in certain sectors of Canada's agricultural economy. Overproduction of broiler chickens and turkeys led to a build up of excessive poultry stocks in storage, industry-wide. This situation caused lower margins for processed poultry meat and temporary reductions in broiler growing. As a consequence of these industry factors, demand for some of our poultry feeds lessened. These supply and demand factors should be brought into better balance in 1975.

To replace the expropriated Toronto feed mill, construction began in 1974 on a new plant in Cavan, Ontario. This plant will have a production capacity of 60,000 tons per year and is expected to begin operations late in 1975. The new facility will service the Central and Eastern Ontario markets.

During 1974 the Company entered into a joint venture with L. K. Ranches Ltd. to construct a new feed plant in Bassano, Alberta. L. K. Ranches Ltd., a fully integrated beef operation, will purchase the greater part of the output of the plant.

The capacity of our seed corn dryer in Wallaceburg, Ontario is being doubled, construction having been started in 1974. It is expected to be operating in time for the 1975 harvest.

Bottom Group: Bassano, Feed Plant joint venture.

International Operating Report

The International Division in 1974 continued its growth and development.

In Haiti we continue to operate La Minoterie d'Haiti, a 5800 cwt. per day flour mill owned by the State, under a long-term management contract. While operations were satisfactory throughout the year, it was not possible to fully recover increased cost of raw materials. This reduced our income to the minimum guaranteed by our management contract. Prices have since been adjusted to reflect current costs.

Also in Haiti, Arlequin Food Products, in which we have a 50% interest, completed construction of additional facilities, enabling the installation of a larger and improved macaroni production plant. Arlequin also manufactures and markets cosmetics and assembles small electronic components for export.

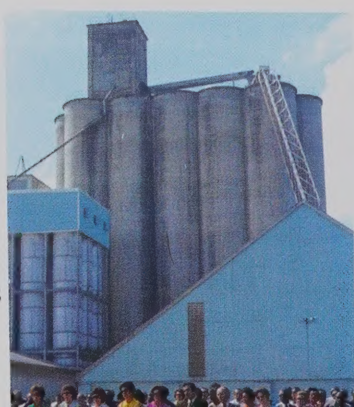
National Flour Mills Limited of Trinidad, in which we have an equity position, completed its expansion program which began in 1973. The new facilities have doubled the mill capacity to 6800 cwt. per day. Trinidad and Tobago is now self-sufficient in the milling of flour.

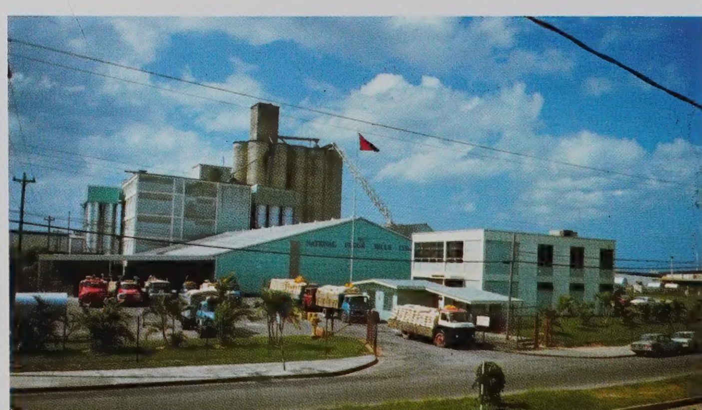
During 1974 Maple Leaf became Canadian supply agent for Jamaica Nutrition Holdings Limited, a Government-owned corporation responsible for procurement of food and commodities for Jamaican consumption.

Haiti flour mill.

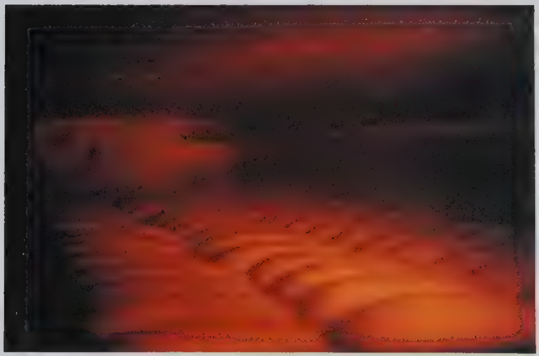
Arlequin Food Products, Haiti.

Trinidad Mill, opening ceremonies and enlarged milling facilities.





Bakery Operating Report



Associated bakery companies' 1974 earnings showed some improvement but the industry is continuing to be plagued by high costs and low margins.

The importance of this segment of the food business in Canada is not understood as well as it should be by the public who tend to underestimate the nutritional value of its products and their potential to be further enriched or fortified by essential nutrients presently lacking in the diets of Canadians.

The management of our associated companies continue to increase their efforts to provide a quality product and high level of service that sometimes seems to be taken for granted by consumers. Equally important, their efforts to improve operations should begin to produce a more adequate and realistic level of profit.

Consolidated Financial Statements

December 31, 1974

Auditors' Report

To the Shareholders of
Maple Leaf Mills Limited:

We have examined the consolidated balance sheet of Maple Leaf Mills Limited and its subsidiaries as at December 31, 1974 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 14, 1975.

Clarkson, Gordon & Co.
Chartered Accountants

Consolidated statement of earnings

for the year ended December 31, 1974

	1974	1973
	(000's omitted)	
Sales and revenues:		
Net sales, operating revenues and commodity trading margins	$328,591	$266,127
Investment and other income	4,048	2,617
	332,639	268,744
Costs and expenses:		
Cost of sales and operating expenses	283,090	223,770
Selling and administrative expenses	26,160	22,712
Depreciation (note 1)	3,339	3,779
Interest on bankers' advances and notes	3,311	2,465
Interest on long-term debt	862	927
Minority interest	330	482
	317,092	254,135
Earnings before income taxes and extraordinary gains	15,547	14,609
Income taxes (note 5)	7,166	6,750
Earnings before extraordinary gains	8,381	7,859
Extraordinary gains (note 9)		9,072
Net earnings	$ 8,381	$ 16,931
Earnings per common share:		
Earnings before extraordinary gains	$5.19	$ 4.85
Net earnings	$5.19	$10.51

Consolidated statement of retained earnings

	1974	1973
Retained earnings at beginning of year	$ 55,919	$ 40,586
Net earnings	8,381	16,931
	64,300	57,517
Dividends:		
Preference shares	50	80
Common shares	2,719	1,518
	2,769	1,598
Retained earnings at end of year	$ 61,531	$ 55,919

Consolidated statement of changes in financial position for the year ended December 31, 1974

	1974	1973
	(000's omitted)	
Source of funds:		
Funds generated from operations	$11,899	$12,655
Investments realized	1,703	2,301
Sale of property and equipment	309	424
Compensation received for expropriated property (note 10)		12,255
	13,911	27,635
Application of funds:		
Property and equipment	5,032	3,688
Dividends	2,769	1,598
Preference shares	1,388	260
Investments	1,177	525
Long-term debt	810	659
Other	91	625
	11,267	7,355
Increase in working capital	$ 2,644	$20,280
Working capital changes:		
Increase (decrease) in current assets –		
Accounts receivable	$ 6,608	$10,072
Inventories	9,738	16,602
Other	1,701	(133)
	18,047	26,541
Less increase (decrease) in current liabilities –		
Bankers' advances and notes payable	16,657	(2,886)
Accounts and taxes payable	(1,586)	6,429
Other	332	2,718
	15,403	6,261
Increase in working capital	2,644	20,280
Working capital at beginning of year	42,569	22,289
Working capital at end of year (note 4)	$45,213	$42,569

Consolidated balance sheet December 31, 1974

Assets

	1974	1973
	(000's omitted)	
Current:		
Marketable securities, at cost which approximates market	$ 4,620	$ 2,664
Accounts receivable	46,660	40,052
Deposits with The Canadian Wheat Board	6,262	7,512
Bankers' advances applicable thereto (note 3)	(6,262)	(7,512)
Inventories (note 1)	61,053	51,315
Prepaid expenses	906	1,161
Total current assets	113,239	95,192
Investments (note 1):		
Mortgages and other investments	3,200	4,433
Joint ventures	6,542	5,338
	9,742	9,771
Property and equipment (note 2)	35,093	33,388
Other:		
Unamortized debenture discount and expenses	224	256
Goodwill (note 1)	544	606
	768	862
	$158,842	$139,213

Liabilities

	1974	1973
	(000's omitted)	
Current:		
Bankers' advances (note 3)	$ 37,366	$ 28,069
Notes payable	7,360	
Accounts payable and accrued liabilities	18,790	17,340
Income and other taxes payable	1,094	4,130
Dividends payable	807	418
Allowance for disturbance costs (note 10)	2,609	2,666
Total current liabilities	68,026	52,623
Long-term debt (note 4)	12,236	12,994
Accrued pension costs (note 1)	1,683	1,775
Deferred income taxes (note 5)	5,271	4,638
Minority interest in subsidiaries:		
Preference shares (redeemable for $1,486,000)	1,384	1,384
Common shares	2,825	2,606
	4,209	3,990
Shareholders' equity (note 4):		
Share capital (note 6)	5,280	6,628
Contributed surplus (note 7)	606	646
Retained earnings	61,531	55,919
	67,417	63,193
	$158,842	$139,213

On behalf of the Board:

R. G. Dale, Director, J. H. Taylor, Director,

Notes to consolidated financial statements December 31, 1974

1. Summary of accounting policies

(a) Principles of consolidation –

The consolidated financial statements include the accounts of all subsidiaries. Their names and the company's interest therein are set out below:

Canadian Bakeries Limited	99%
Corporate Foods Limited	63
Eastern Bakeries Limited	69
Hillcrest Farm Limited	100
Maple Leaf Mills Investments Limited	100
Maple Leaf Mills Properties Limited	100
McLean Feed and Grain Limited	60
Port Colborne & St. Lawrence Navigation Company Limited (non-operating)	100
Toronto Elevators, Limited	100

The accounts of Eastern Bakeries Limited included in the consolidated financial statements were as at October 31.

The excess of cost over book value of net assets of subsidiaries at dates of acquisition has been allocated to property and goodwill. Depreciation has been charged against earnings on amounts allocated to depreciable assets. Goodwill is amortized over its estimated life.

(b) Investments –

The equity method of accounting is used for investments in all joint ventures. Mortgages and other investments are stated at cost less provisions for losses.

(c) Inventories –

Inventories are valued at the lower of average cost and replacement cost. Grains held for resale are hedged, where applicable. Inventories consist of the following:

	1974	1973
	(000's omitted)	
Grains held for resale	$18,632	$16,164
Finished product and materials held for production	42,421	35,151
	$61,053	$51,315

(d) Pension Costs –

Pension costs consist of provision for current service costs and amortization of past service obligations which are not yet accrued in the accounts together with interest on unfunded amounts. Pension costs totalled $1,100,000 for the year ($950,000 in 1973).

At December 31, 1974 unfunded past service obligations consisted of the following amounts:

	(000,s omitted)
Accrued in current liabilities	$ 272
Accrued in non-current liabilities	1,683
To be expensed over the next six years	845
	$2,800

The company intends to fund these past service obligations plus accrued interest over the next fifteen years.

(e) Depreciation–

Depreciation is calculated on the straight-line method. The rates used, as set out below, are estimated to be sufficient to depreciate the cost of the assets to residual value over their useful lives:

Buildings	2% – 10% per annum
Machinery and equipment	6⅔% – 33% per annum
Automotive equipment	20% – 30% per annum

2. Property and equipment

	1974 (000's omitted)			1973
	Cost	Accumulated depreciation	Net	Net
Land and improvements	$ 2,668	$ 253	$ 2,415	$ 2,079
Buildings	33,604	15,261	18,343	16,742
Equipment	53,836	39,501	14,335	14,567
	$90,108	$55,015	$35,093	$33,388

3. Bankers' advances

Bankers' advances are secured by assignments of accounts receivable and security on inventories and on wheat held as agent of The Canadian Wheat Board.

4. Long-term debt

Long-term debt, excluding amounts due within one year included in accounts payable and accrued liabilities, consists of the following:

	1974	1973
	(000's omitted)	
Maple Leaf Mills Limited – 5¾% Sinking Fund Debentures to mature December 1, 1981	$ 8,000	$ 8,498
Corporate Foods Limited – 8½% Sinking Fund Debentures, Series A due December 15, 1988	3,971	4,095
Other	265	401
	$12,236	$12,994

Repayment requirements in the next five years are as follows: 1975 – $290,000, 1976 to 1979 – approximately $700,000 annually.

The trust indenture securing the company's debentures contains covenants to maintain working capital and shareholders' equity above stipulated levels. As at December 31, 1974 the company's working capital and shareholders' equity substantially exceeded these minimum requirements.

5. Deferred income taxes

Income taxes charged to earnings in 1974 include deferred taxes of $632,000. In 1973 income taxes charged to earnings included deferred taxes of $1,537,000 of which $1,500,000 was applicable to extraordinary items.

6. Share capital

During the year the company purchased for cancellation 4,214 of the 5½% preference shares Class B and on November 29, 1974 redeemed the remaining 9,264 shares.

There are options outstanding on 31,200 common shares under the employees' stock option plan which become exercisable over a period of years to 1979 at prices ranging from $15.00 to $20.00 per share.

	1974	1973
	(000's omitted)	
Preference shares Class A, par value $100 each – Authorized – 75,000 shares, none issued		
$5\frac{1}{2}\%$ preference shares Class B		$1,348
Common shares without par value – Authorized – 4,000,000 shares, issued 1,603,954 of which 5,390 are held by a subsidiary	$5,280	5,280
	$5,280	$6,628

7. Contributed surplus

The decrease in contributed surplus of $40,000 in the year represents the premium paid on redemption of preference shares.

8. Commitments and contingent liabilities

There are guarantees totalling $1,000,000 under lines of credit to joint venture companies and a customer on which the indebtedness at December 31, 1974 amounted to $868,000.

The company leases various premises and equipment on a long-term basis. Annual rental payments under these leases in 1974 and for the next five years approximate $300,000.

9. Extraordinary gains

In 1973 extraordinary gains consisted of the following:

	(000's omitted)
Gain on expropriation of property (net of income taxes of $1,500,000)	$8,918
Gain on sale of property	154
	$9,072

10. Expropriation and relocation

In May 1973, the Government of Canada expropriated the company's Queen's Quay, Toronto, property. Subsequently, the company received, without prejudice to its rights to claim additional compensation, $12.2 million for the expropriated property. In addition a provisional allowance for disturbance costs has been received, which amount less costs incurred to date is included in current liabilities. The company also received a licence of occupation of the expropriated premises until November 30, 1977.

The company believes that it is entitled to further compensation in connection with the expropriation and has initiated legal proceedings in the Federal Court of Canada seeking additional compensation including an amount for machinery and equipment not included in the Government's initial offer.

At the Queen's Quay location the company has its principal administrative offices and operates a terminal grain elevator, a vegetable oil extraction plant and refinery and a feed plant. At present it does not appear to be economical, or operationally necessary, to replace the terminal elevator. Relocation of the vegetable oil processing facilities is under active study. Two plants under construction to replace feed and pet food production facilities should be operating by late 1975. The estimated cost of these plants is $5.5 million of which $1.5 million was spent in 1974.

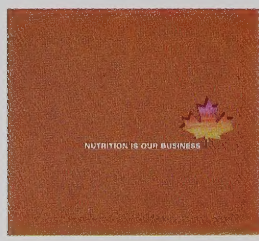
11. Other statutory information

Remuneration of directors and senior officers totalled $700,086 for the year.

Six year financial summary

Years ended December 31

	1974	1973	1972	1971	1970	1969
			(000's omitted)			
Operating results						
Net sales	$328,591	$266,127	$198,801	$202,154	$201,681	$203,315
Earnings before extraordinary items	8,381	7,859	3,150	1,737	2,225	2,847
Net earnings	8,381	16,931	3,777	2,566	2,225	2,552
Dividends	2,769	1,598	1,375	1,379	1,378	1,534
Cash flow from operations	11,899	12,655	6,392	5,107	5,787	6,248
Return on sales	2.6%	2.9%	1.6%	0.9%	1.1%	1.4%
Financial position						
Working capital	$ 45,213	$ 42,569	$ 22,289	$ 20,782	$ 20,791	$ 21,561
Total assets	158,842	139,213	117,165	118,126	122,886	116,839
Long-term debt	12,236	12,994	13,716	13,844	14,619	15.174
Common shareholders' equity	67,417	61,845	46,474	44,028	42,795	41,947
Return on equity	12.9%	*14.6%	8.1%	5.7%	5.0%	5.9%
*Excluding gain on expropriation						
Per common share						
Earnings before extraordinary items	$ 5.19	$ 4.85	$ 1.90	$ 1.02	$ 1.33	$ 1.71
Net earnings	5.19	10.51	2.30	1.54	1.33	1.53
Dividends	1.70	.95	.80	.80	.80	.90
Shareholders' equity	42.03	38.56	28.99	27.47	26.75	26.22



Nutrition is our Business

Flour Division

Millers of flour and cereal products for bakeries, biscuit manufacturers, and food processors; high protein flours for bread; soft wheat flours for cookies, cakes, crackers and pretzels; special flours for manufacturers of soups, gravies and desserts; durum semolina for spaghetti, macaroni and other pasta products; rye flour, corn meal, corn flour and rolled oats. Seven flour mills capable of producing 38,000 cwt. of flour a day serving both domestic and export markets.

Grocery Products Division

Manufacturers of convenience cake and pie mixes, puddings, cereals, flavour crystals and pet foods; CREAM OF THE WEST, PURITY, MONARCH flours, RED RIVER and BREX cereals, JOLLY MILLER flavour crystals, MASTER pet foods; exclusive Canadian distributor of KITTY LITTER.

Grain Division

Merchandisers of milling wheat, feed wheat, oats, barley, corn, rye, soybeans and soybean meal; operator of two terminal elevators having a capacity of 9.4 million bushels; under the St. Clair Grain & Feeds name, carries on an integrated grain merchandising business with country elevators and stores at ten southwestern Ontario locations; agent for the Canadian Wheat Board and The Ontario Wheat Producers' Marketing Board.

Vegetable Oil Division

Processors of oilseeds and refiners of vegetable oils; soybean oil for manufacturers of margarine, shortening, salad and cooking oils; soybean and linseed meals for livestock and poultry feeds; linseed oil for manufacturers of paints, varnishes and other surface coatings; other oils for manufacturers of caulking compounds, printing inks and plastics; importers of palm oil, palm kernel and coconut oil.

Agricultural Division

Manufacturers of scientifically balanced Master brand livestock and poultry feeds, with 15 plants and markets in 10 Canadian provinces; 42 Master Feed farm service centres selling a variety of farm products; major Canadian supplier of forage seed, lawn seed (including the 0217 FYLKING Kentucky Blue Grass and LION trade names), and seed corn with 11 Ontario and Western Canada outlets; poultry hatching, growing and processing operators mainly under the PINECREST trade name.

International Division

Management of La Minoterie d'Haiti, state-owned flour mill; management and part ownership of National Flour Mills Limited, Trinidad and Tobago; part ownership, Arlequin Food Products, Haiti, macaroni manufacturer; Canadian supply agent, Jamaica Nutrition Holdings Limited.

Associated Bakeries

Eastern Bakeries Limited in the Atlantic Provinces, manufacturers of fresh bakery foods, BUTTER-NUT, SUNNY BEE, FUN BUNS, COUNTRY KITCHENS trade names, three bakeries and regional distribution depots.

Corporate Foods Limited in Ontario and Quebec, manufacturers of fresh and frozen bakery foods, TOASTMASTER, DEMPSTER'S, GAINSBOROUGH, ARNOLD trade names, four bakeries and regional distribution centres (also part ownership in Robin LePain Moderne, Inc., Quebec; and Purity Bakeries Limited, Barbados).

McGavin ToastMaster Limited in Western Canada, manufacturers of fresh bakery foods, McGAVIN TOASTMASTER and McDONALD'S trade names, 12 bakeries.